

Message Text

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PAGE 01 ROME 11028 112045Z

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ACTION EB-11

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 1271

AMCONSUL NAPLES

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALCOLD FINANCIAL PROBLEMS WITH GEPI - MEETINGS
WITH HADDAD AND GEPI

REF: STATE 195900.

/SUMMARY/

1. HADDAD AND ASSOCIATES VISITED EMBASSY OCTOBER 5 TO REQUEST URGENT AMBASSADORIAL INTERVENTION WITH SENATOR FANFANI TO HAVE GEPI EITHER BUY OR RETURN ITALCOLD PLANT. SAID THIS POLITICAL PROBLEM DEMANDING POLITICAL SOLUTION. HADDAD SAID HE CONSIDERED SUING GEPI IN US BUT HAD BEEN DISSUADED BY WASHINGTON ATTORNEYS DUE ALLEGED POLITICAL BASIS OF CASE. OCTOBER 10 MEETING WITH GEPI RESULTED IN OFFER MEET HADDAD FOR LEGAL DISCUSSIONS.

2. AT OCTOBER 5 MEETING HADDAD INSISTED THAT ITC HAD MADE NO RENTAL PAYMENTS TO ANYONE SINCE MARCH 1972 WHEN ISVEIMER, WHICH SHOULD HAVE BEEN ASKED APPROVED ITALCOLD-ITC CONTRACT BUT WAS NOT, OBTAINED COURT INJUNCTION. WHEN REMINDED THAT DURING PREVIOUS EMBASSY INVOLVEMENT RENTAL CITED AS ONE NORMAL ASPECT OF RELATIONSHIP, HADDAD SAID HE UNWARE OF SITUATION UNTIL RECENTLY.

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PAGE 02 ROME 11028 112045Z

3. HADDAD BELIEVES APPROACH TO GEPI FRUITLESS AND THAT FANFANI

ONLY HOPE. HADDAD PROVIDED UPDATE OF MEMO USED AT DEPARTMNT MEETING. COPIES BEING POUCHED.

4. EMBOFFS MET OCTOBER 10 WITH DR. GIANFRANCO DEFONTE OF GEPI. THOROUGH REVIEW CASE ELICITED FOLLOWING GEPI COMMENTS:

A) ITC HAS NOT EFFECTED RENTAL PAYMENT ISVEIMER SINCE MARCH 1972 IN ACCORDANCE COURT INJUNCTION BUT HAS REGULARLY DEBITED AMOUNT IN ITS BOOKS, PLACING MONTHLY PAYMENT FIVE MILLION LIRE IN FROZEN ACCOUNT PENDING INSTRUCTIONS FROM TRIBUNAL RE DISBURSEMENT.

B) NEED FOR ITALCOLD REQUEST POLICE SUPPORT WHN IT SOLD SOME OF UNUSED MATERIALS STOCKS AND REMOVED SAME FROM PLANT DESCRIBED NOT AS OBSTRUCTION ON PART ITC OR GEPI BUT ITC NEED TO PROTECT ITSELF WHEN RELEASING FROM ITS CONTROL ASSETS OF A COMPANY IN LIQUIDATION WITH PENDING BANKRUPTCY ACTION BEFORE THE COURTS.

C) GEPI WILL NEVER BUY THE ITALCOLD PLANT AS IT IS A RUN DOWN PRODUCER OF OLD STYLE MERCHANDISE WITH NO FLEXIBILITY TO DIVERSIFY. GEPI DENIES COMPLETELY AND EMPHATICALLY THAT IT IS TRYING TO BANKRUPT ITALCOLD EITHER TO OBTAIN THE PLANT OR TO ELIMINATE THE WORKFORCE WHICH WILL BE EXCESS IN THE PLANNED GEPI/MERLONI FREEZER PLANT. DEFONTE SAID THAT GEPI DOES NOT WANT THE FACTORY AS IT IS NOT A VIABLE OPERATION. WHILE A PRIVATE STOCK COMPANY, GEPI USES PUBLIC MONEY TO CREATE AND MAINTAIN EMPLOYMENT AND, TO AVOID SEVERE CRITICISM, WOULD HAVE TO ARRANGE FOR EMPLOYMENT OF ITC'S WORKERS ONE WAY OR ANOTHER.

D) DEFONTE FRANKLY DESCRIBED HADDAD CLAIM THAT LEASE TO ITC WAS TO COVER ALL ITALCOLD DEBTS AS A QUOTE DREAM UNQUOTE. HE SAID THAT FROM BEGINNING THERE WAS NEVER ANY POSSIBILITY THAT LEASE CONTRACT PROCEEDS COULD COME NEAR COVERING MASSIVE DEBTS OF ITALCOLD. GEPI LEGAL STAFF OPINION IS THAT NO COURT WOULD RECOGNIZE HADDAD CLAIM RE FULL PURCHASE OF SECONDARY MATERIALS AND DEFONTE COMMENTED THAT PENDING COURT SUIT ON MATERIALS VALUATION COULD BRING ITALCOLD MAXIMUM OF FIFTY MILLION LIRE, NOTHING COMPARED WITH OBLIGATIONS.

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PAGE 03 ROME 11028 112045Z

NOTE - ASKED FOR EVIDENCE OF CLAIMS RE TOTAL SATISFACTION OF DEBTS, PURCHASE OF ALL STOCKS, HADDAD TOLD EMBASSY FORMER REFLECTED IN ITALCOLD DIRECTORS MEETING OFFICIAL MINUTES, LATTER ORAL COMMITMENTS.

5. FOLLOWING REVIEW ABOVE AND OTHER DETAILS, DEFONTE SAID AS GEPI WISHES AVOID ANY MISUNDERSTANDING ON PART USG AS IT HAD CAREFULLY FULFILLED ALL ITS LEGAL OBLIGATIONS, ITS LEGAL STAFF

WILLING MEET WITH ANY INTERESTED PARTIES, INCLUDING HADDAD
PRIVATE ATTORNEYS AND ITALCOLD LIQUIDATORS, FOR DISCUSSION OF
POINTS ON LEGAL LEVEL.VOLPE

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